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FINSOFT FINANCIAL INVESTMENT HOLDINGS LIMITED

匯財金融投資控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8018)

DISCLOSEABLE TRANSACTION: ACQUISITION OF 100% INTERESTS OF THE TARGET

THE ACQUISITION

The Board wishes to announce that after trading hours on 9 August 2018, the Purchaser, a wholly-owned subsidiary of the Company and the Vendors entered into the SP Agreement, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire the Sale Shares, representing 100% of the issued share capital of the Target at the Consideration of HK\$21,600,000 (subject to the adjustment set out below). Completion took place immediately after the signing of the SP Agreement.

IMPLICATION UNDER THE GEM LISTING RULES

As one of the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE SP AGREEMENT

After trading hours on 9 August 2018, the Purchaser and the Vendors entered into the SP Agreement, the principal terms of which are set out below:

Date

9 August 2018

* For identification purposes only

Parties

Purchaser: the Purchaser;

Vendors: (1) Vendor A; and
(2) Vendor B.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Assets to be acquired

Pursuant to the SP Agreement, the Vendors have agreed to sell, and the Purchaser has agreed to acquire the Sale Shares, representing 100% of the issued share capital of the Target.

Consideration

The Consideration for the Sale Shares is HK\$21,600,000, which shall be settled as follows:

- (i) as to HK\$10,800,000 ("**First Instalment**") shall be paid by the Purchaser in cash at Completion; and
- (ii) as to HK\$10,800,000 which is subject to the adjustment as set out in the paragraphs headed "Adjustment to Consideration" below ("**Balance Consideration**"), shall be paid by the Purchaser in cash (or in such other manner as the Vendors and the Purchaser may agree) within 14 Business Days after the issue of the 2018 Target Audited Accounts.

The Consideration will be funded by the internal resources of the Group.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to the business and the prospects of the Target, the historical performance of the Target and the net asset value of the Target as set out in the paragraph headed "Information on the Target" below.

Adjustment to Consideration

Under the SP Agreement, the Vendors irrevocably and unconditionally guarantee to the Purchaser that the audited net profit before tax ("**Audited Profit**") of the Target for the financial year ending 31 December 2018 based on the 2018 Target Audited Accounts shall not be less than HK\$4,000,000. If the Audited Profit shall be less than HK\$4,000,000, the Balance Consideration shall be adjusted to HK\$0 and the amount of the Consideration shall be so adjusted to the amount of the First Instalment (i.e. HK\$10,800,000) only.

For the avoidance of doubt, if the Audited Profit shall be:

- (a) less than HK\$4,000,000, the Vendors shall not be entitled to any of the Balance Consideration upon adjustment of the Consideration in accordance with the mechanism set out above; and
- (b) equal to or more than HK\$4,000,000, the Purchaser shall pay the Balance Consideration to the Vendors as set out in the paragraphs headed “Consideration” above.

Pursuant to the SP Agreement, the Purchaser agrees that it shall procure the 2018 Target Audited Accounts to be issued on or before 31 May 2019.

Upon Completion, each of Vendor A and Vendor B has executed his respective employment agreement (“**Employment Agreement(s)**”) with the Target for his employment by the Target as the general manager and the business manager of the Target respectively in accordance with the terms and conditions thereof for a term commencing from the date of the SP Agreement to 31 December 2020 (“**Term Expiry Date**”), which may be terminated by one month’s notice in writing served by any party to the other. Under the SP Agreement, the Vendors agree and unconditionally and irrevocably undertake that if any of them terminates his Employment Agreement for whatsoever reason on or before the Term Expiry Date, such Vendor shall compensate the Purchaser a sum in the amount of HK\$5,250,000 in cash on the date of the termination of his Employment Agreement by him.

Completion

Completion took place on 9 August 2018 upon the signing of the SP Agreement.

Immediately after Completion, the Target has become a wholly-owned subsidiary of the Company and the financial results of the Target will be consolidated into the Group’s financial statements.

INFORMATION ON THE TARGET

The Target is a gaming product development company incorporated in Hong Kong with limited liability, which designs, creates, markets, sells and distributes electronic dartboards with wireless connection to mobile applications and creates and maintains internet properties for gathering users and sale of the products of the Target.

Set out below is a summary of the unaudited financial information of the Target for the years ended 31 December 2016 and 2017 respectively:

	For the year ended 31 December 2017	For the year ended 31 December 2016
	<i>HK\$</i>	<i>HK\$</i>
	(approximately)	(approximately)
Net profit (loss) before taxation	211,000	(25,000)
Net profit (loss) after taxation	176,000	(25,000)

The unaudited total asset value and net asset value of the Target as at 30 June 2018 were approximately HK\$1,052,000 and approximately HK\$243,000 respectively. In August 2018, shareholders' loans in the aggregate amount of approximately HK\$285,000 have been capitalised as capital of the Target, which results in an increase in the net asset value of the Target of the same amount.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of financial trading software solutions, provision of other IT and internet financial platforms services, provision of referral services, money lending business and assets investments in Hong Kong. One of the subsidiaries of the Company holds the license in respect of Type 6 (advising on corporate finance) regulated activity under the SFO.

The Group is exploring possible strategies to diversify its business mix in order to maximise the return to the shareholders of the Company. Taking into account of the prospects of the Target and the gaming industry as a whole, the Directors are of the view that the Acquisition provides a prime opportunity for the Group to participate in the gaming product development business, which will allow the Group to broaden its source of income.

The terms of the SP Agreement were determined after arm's length negotiations between the Vendors and the Purchaser, and having considered the reasons for and benefits of the Acquisition as mentioned above, the Board is of the view that the terms of the SP Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2018 Target Audited Accounts”	the audited financial statements of the Target for the financial year ending 31 December 2018, prepared by the auditors of the Target as approved by the Purchaser in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the terms of the SP Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	Finsoft Financial Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“Completion”	completion of the Acquisition on 9 August 2018 in accordance with the terms and conditions of the SP Agreement
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Consideration”	the aggregate consideration of the Acquisition, being HK\$21,600,000

“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Parties”	collectively, the Purchaser and the Vendors
“Purchaser”	Lucky Cheer Investments Limited, a company incorporated in the British Virgin Islands with limited liability which is indirect wholly-owned by the Company
“Sale Shares”	30,000 issued shares in the share capital of the Target, representing 100% of its issued share capital
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SP Agreement”	the sale and purchase agreement dated 9 August 2018 entered into between the Vendors and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Darts Connect International Limited (飛鏢聯盟國際有限公司), a company incorporated in Hong Kong with limited liability
“Vendor A”	an individual being an Independent Third Party who owned 70% of the issued share capital of the Target immediately before Completion
“Vendor B ”	an individual being an Independent Third Party who owned 30% of the issued share capital of the Target immediately before Completion

“Vendors” collectively, Vendor A and Vendor B

“%” per cent.

On behalf of the Board
Finsoft Financial Investment Holdings Limited
Mr. Chan Wai Lung
Chairman

Hong Kong, 9 August 2018

As at the date of this announcement, the Board consists of Mr. Chan Wai Lung being an executive Director and the chairman of the Board, Ms. Lam Ching Yee, Ms. Lin Ting and Mr. Shi Shaowu being the executive Directors, Mr. Ng Wing Cheong Stephen being the non-executive Director, and Mr. Lam Kai Yeung, Ms. Lee Kwun Ling, May Jean and Mr. Zhong Shi being the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the website of GEM at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company’s website at www.finsofthk.com.